

UNAPPROVED

MINUTES OF THE CUMBERLAND TOWN COUNCIL

JOINT WORKSHOP WITH THE SCHOOL COMMITTEE

TUESDAY, JANUARY 26, 2010 AT 7:30 P.M.

**CUMBERLAND PUBLIC LIBRARY'S HAYDEN CENTER MEETING
ROOM #1**

1464 DIAMOND HILL ROAD, CUMBERLAND

The meeting was called to order at 7:34 p.m. by Council President Higgins of the Town Council.

MEMBERS PRESENT:

Town Council: President Higgins, Dwyer, Ackerman, Morris, Lemois and Kirkpatrick

School Committee: Chair Donald Costa, Brian Kelly, Daniel Pedro, and Ryan Pearson

Also Present: School Superintendent Donna Morelle, School Department Business Manager Alex Prignano, School Department Director of Administration Joseph Rotella, Town's Finance Director Steve Woerner and Town Clerk Sandra M. Giovanelli

1. Pre-Budget Consultations and three year forecasting pursuant to the

requirements of RIGL 16-2-21 through 16-2-21.3

President Higgins explained that Section 16-2-21 requires, “at least sixty (60) days but not more than ninety (90) days prior to the formal submission of the school budget to the appropriate city or town officials by the school committee, there shall be a joint pre-budget meeting between the school committee and the city or town council(s). At or before this meeting: The highest elected official of the city or town shall submit to the school committee an estimate, prepared in a manner approved by the department of administration, of projected revenues for the next fiscal year. In the case of the property tax, the projections shall include only changes in the property tax base, not property tax rates.”

President Higgins stated that Stephen Woerner, the highest elected official’s representative, was here to speak. He explained that the Mayor was at the Statehouse for the State of the State address and is lobbying with the coalition of communities against the cuts that are in the supplemental budget. He stated that these cuts will affect everyone, but there is hope that some relief will come from unfunded mandates, most of which affect the School Department.

Mr. Woerner stated that the Town is looking at “disgrowth” of approximately half a million dollars. He explained that the 3 percent ordinance cap is a million and half dollars, but what they are looking at now from the state they could be taking either \$700,000 or \$1.4 million from the Town in terms of the excise tax phase-out. He

believes that that is going to be totally eliminated next year, though he hopes he is wrong. He mentioned that there are also problems in this year's budget, as he told the Council this week at their meeting. He added that one of the mortgage companies, Wells Fargo, normally paid \$1.2 million up front and took the 3 percent discount; they have told us that they are not going to be doing that this year, which will cost the Town \$900,000 this year. He concluded that the revenue projections therefore are not very good.

Councilor Lemois asked Mr. Woerner to explain the \$500,000 increase he mentioned; he asked if that was on the levy or the 3 percent cap on the tax rate; is it \$500,000 extra in taxes raised, or is it by levy?

Mr. Woerner responded that it is based on growth – new homes, new businesses, etc., so it is an increase in the tax base. He went on to say that if we increased the taxes by the maximum allowed by the Ordinance, which will be an additional \$1.5 million.

President Higgins asked him if that meant Mr. Woerner was looking at an additional \$2 million in revenue, minus whatever the state takes away, which basically puts us back to where we are now.

Mr. Woerner stated that that we would be in a worse position. He mentioned that the question comes down to the fact that state law has a provision that if you lose revenues, then by applying to the municipal affairs you can recoup those revenues. He explained that

theoretically if we lost the excise tax phase-out, we could back to the Department of Administration and say we lost these monies, therefore we can increase our taxes by these monies. But there has been a tremendous amount of discussion as to what the mechanics of that and whether that is going to be forced back onto the Town Councils, that they must ask for an override when in fact they have been deprived of revenues. He cannot say today what the process will be. He stated that he is looking into it because there is a problem where the Town needs to send out its tax bills at the end of April or early in May, and we know that the state is not going to make a decision until June 30th, so what do they do? He pointed out that if they do not send out their tax bills, they could be out of cash. He stated that they could ask the School Department if they could defer payment to some of the school teachers into the summer; he does not know if they can do that, but they are looking at a possible cash-flow problem, and they are looking at everything.

Mr. Kelly stated that he thought there was language in the Governor's current supplemental budget that dealt with the excise tax, which would give authority to the local cities and towns to levy the tax because of the excise tax not being given to the cities and towns.

Mr. Woerner explained that he was not sure of the mechanics of it.

President Higgins stated that the Mayor has previously indicated that if it goes through, there will be bills sent out, assuming that they

cannot find the monies elsewhere.

Mr. Woener stated that he was not sure that was the case.

President Higgins stated that one of things they must take into account was the public's ability to pay; even a 3 percent increase would be difficult for many people. He reported that the Mayor has indicated that this community on both department levels has taken the steps necessary; both department employees (School and Municipal) have taken pay decreases, co-pay increases, etc and that is not the case in some cities and towns, and that is the Mayor's message. He stressed you cannot treat them all the same, when they do not act the same. Mr. Woerner stated that he wanted to reiterate that the Cumberland School Department on all statistics is very effective and he believes that the kids are getting a good education. He knows that on the town level, there is not a lot of to cut anymore because the pays are not high by any standards, the benefits are not high, and the retirement benefits are not excessive. He stated that there are communities in Rhode Island that can cut back if they have the legal authority to do so, but Cumberland cannot reduce very many more people. The work needs to be done, and the people are not getting paid a lot to do it.

Mr. Kelly asked if the loss of \$900,000 by Wells Fargo at the beginning of the tax period would increase the amount of the Tax Anticipation Notes (TAN's) so that there would still be the revenue stream.

Mr. Woerner responded that he was unsure how to answer that. He stated that we can meet the payments on the Tax Anticipation Notes.

Mr. Kelly then asked if the cost in the current fiscal year would be the interest on the TAN's.

Mr. Woerner explained that that was not correct; it was a loss of \$900,000 in revenue.

Mr. Kelly stated that would be filled by money from the TAN's.

Mr. Woerner explained that does not count as a revenue.

Mr. Kelly asked if from a cash-flow perspective, whether that would be correct.

President Higgins stated it could be compared to a credit card.

Mr. Woerner stated that our fund balance is not where it should be. He added that there are issues with the Water Department that have been straightened out, but the accounting rules do not let us take credit for that. He mentioned that there is a surcharge on the water bill, but they only take into account what they will collect within the 12-month cycle. He informed that they are working on the Sewer

Department issue, but they do not have a solution today, and he is not sure they will be able to find a solution; they have some ideas that could help this issue; additionally, the Mayor has come up with some great ideas, but whether they can pull anything off waits to be seen.

President Higgins reminded Mr. Kelly that the TAN's have to be repaid by June 30th.

Mr. Kelly responded that they would however be getting the \$900,000 during the next fiscal year.

Mr. Woerner stated that the fiscal advisors would be in next Monday. He explained that the Town does not go to the open market to get this money; it negotiates a private sale, and that makes it a little bit more flexible. They told the Town's fiscal advisor that they are really concerned and that they need to start working on this problem now, and a solution must be found by June 30th.

President Higgins stated that last year the Mayor personally negotiated lower interest rates for the Town.

Councilor Lemois asked whether the Town had gone out with a number, or whether that number was flexible.

Mr. Woerner stated that it has increased every year and that it is up to \$14 million.

Councilor Lemois asked if we already had that money.

Mr. Woerner replied yes.

Mr. Woerner stated that their problem is how are they going to pay it back on June 30th and how it can be refinanced.

Councilor Lemois asked if whether we can could just increase the amount by \$900,000.

Mr. Kelly explained that these TAN's were for 2009; what they are talking about now is pulling the revenue stream in for 2010.

Mr. Woerner stated that today we owe \$14 million, which must be paid back by June 30th. This \$900,000 loss from Wells Fargo and the potential loss from the state puts us \$3 million in the hole.

Superintendent Morelle asked the Finance Director to expand on the question regarding deferring paychecks to the teachers. She asked him to explain his thinking and how it would relieve the cash flow issue.

Mr. Woerner explained that he was not sure how it works in Cumberland, but he knew that several years ago in other towns there was an option for teachers to get paid throughout the summer; he

believes that option is no longer available. The teachers had an option of being paid every two weeks including the summer, so they would be paid in July and August for money they earned during the school year which just ended.

Superintendent Morelle explained that currently the teachers receive all of the balance of monies due to them in their final pay; they receive five checks.

Mr. Woerner explained that he was suggesting that payment be deferred.

President Higgins stated that he did not believe it could be deferred past June 30th, which is the end of the fiscal period.

Alex Prignano stated that it could be deferred. The teachers receive five individual checks; theoretically, they could receive one check in June, and the other four in July.

President Higgins asked if the checks would be post-dated.

Mr. Prignano replied that it would not matter; the auditors would book it as an expense of the prior year, so it would not matter. He stated that if the Town borrows on June 30th, doing this would give the Town the ability to borrow money and have money to pay them. He stated that the union would want some assurance that the Town has

the ability to borrow money to ensure that they get paid.

Mr. Woerner stated that the Town does not care when the expense is booked because there is no question that it is an expense of this year. He reiterated that the Town's concern is the cash flow and one of the major issues the Town has is that it does not know what the Governor or the General Assembly is going to do, but if they do eliminate the excise tax phase-out, his recommendation to the Mayor would be that they eliminate the exemption and just bill everyone for the full value of their cars. He explained that to do that, the Town would have to wait until July to send out bills because that is when we would know what they are going to do. If they can defer some of the cash payments out, that would help with the problem. Mr. Woerner also explained that the car taxes are \$2 million, so \$600,000 comes in during the first quarter so to not receive that \$600,000 because the Town deferred the billing of those car taxes would be very difficult for the Town to make up, especially in light of Wells Fargo not paying up front and the Governor's excise tax decrease. He concluded that it would be helpful if they could defer some of the cash payments on the school side.

Superintendent Morelle asked if Mr. Woerner could think about the deferment period and get back to the School Committee; she asked if it would just go to July or were they looking for a deferment across the whole summer; those are two very different options.

Mr. Woerner replied that it may be July 31st; there is still time to talk about it.

Superintendent Morelle stated that time for Mr. Woerner is different than time for the School Committee in terms of bringing an item like that before the CTA and the other bargaining unit to have a discussion; she would like that information as soon as possible.

Mr. Woerner replied that he has been watching the General Assembly for a long time, and they never do anything until the last second, so he does not expect anything to come from them until the end of June, and then the Town would need to send out the tax bills, which does not take that long, but they would need to give the citizens 15-30 days to pay the tax.

President Higgins explained that Dr. Morelle was looking for an estimate of the amount of time Mr. Woerner wanted the pay checks deferred so that they could at least approach the unions with the proposal.

Mr. Woerner stated he could give her a letter tomorrow with an estimate of what they think might be necessary, but until the General Assembly does something, they would not know definitely.

President Higgins interjected that any agreement could be made contingent.

Mr. Rotella added that they needed enough time to sit down and negotiate with the union, to get them to ratify it, so that if the Town is looking for an extension as far as payments are concerned, the sooner they get that information, the sooner they can start negotiating.

Superintendent Morelle stated that she would want something in writing for something of this magnitude.

Mr. Prignano explained that if they are going to be paid every two weeks with a final payment in July, that is a different issue than if they are going to be paid June 19th, and then hold the rest of their money until July 31st, leaving them with 6 weeks of not receiving paychecks for money they had earned during the previous year. That would be a much harder sell than their receiving a paycheck every two weeks.

Superintendent Morelle stated that if the Town is interesting in pursuing this, what she would like is a written correspondence detailing the magnitude and then they could respond.

There was no further discussion regarding revenue.

President Higgins stated that the next item pursuant to Section 16-2-21 is, "The school committee shall submit to the city or town

council a statement for the next ensuing fiscal year of anticipated total expenditures, projected enrollments with resultant staff and facility requirements, and any necessary or mandated changes in school programs or operations”.

Mr. Prignano confirmed that everyone had received copies of their reports by e-mail.

Chairman Costa stated that the School Department is in the midst of setting their budget for 2011, and he believed that the timeline to distribute the budget would be some time next week.

Dr. Morelle stated that the target date for the Administration to transmit a budget to the School Committee is February 5 provided that there are not any variables either from the Governor’s message tonight or other information that could change that.

Mr. Costa stated that they have made some copies of the projection of the 2011 budget for the Town Council’s review. He asked Dr. Morelle or Mr. Prignano to give a synopsis.

Dr. Morelle stated that she wanted to acknowledge the challenging economic situation for the Town and the State, and she certainly wants everyone to be aware that they recognize that this is going to be an opportunity to work together to continue trying to understand the needs of the students in the Town and how to support learning in

the Cumberland schools. She appreciated Mr. Woerner's comment that based on the statistics, the School Department is an efficient organization. They have been trying to transform the image of the School Department into one that is fiscally responsible, one that uses resources in a targeted way to support student learning, and one that has challenged the status quo in terms of how expenditures have been allocated. She stressed that they have worked really hard; they have taken risks, and the risks have paid off. She continued to explain that right now, they are continuing the very methodical method they use to develop a budget. She mentioned that every department and school level budget is now being examined. She stated that what they have submitted to the Town Council is the projections which are both required by law and which give a sense of some of what the financial context is going to be. She added that the format should be familiar, but she referred them to the next to the last sheet, which shows that by including no new positions in the budget and by rolling up the contractual requirements such as pension requirements, etc., and by putting meager increases in contracts with utilities, transportation, etc., they are looking at a \$3-4 million gap and this is due to the shortfall in the School Department's revenues.

Mr. Prignano pointed out that on that same page there has been a 2.1 percent decrease in revenue from 2008 to 2012 for the School Department when you take into account that School aid from the state is expected to decrease \$952,000. He stated that the budget has only increased 10.4 percent over that same period; there has been a 2.6

percent increase per year. He informed that during this period, there have been some very costly items such as the increase in health-care costs, pension costs, and the contracts being negotiated during that time. He reported that the School Department has been very pro-active in trying to keep the lid on appropriations. He asked if the Town Council had any questions regarding the assumptions the School Department listed in their hand-out.

Mr. Prignano explained that the \$3.5 million deficit is pretty much equally split between revenue and appropriations – it is \$1.6 million on the revenue side, and \$1.8 million growth on the appropriations side. He stated that in regards to the revenue, there is almost a \$1 million reduction in state aid (from \$11.4 million to \$10.4 million); federal stimulus money two years ago was \$823,000, last year it was \$544,000, and this year it is \$656,000. Additionally, for the past 6 or 7 years before the State cut aid to schools, Cumberland was level funded; now that the Town is unable to increase its appropriation to the schools for the past few years, the School Department has had to use a lot of one-time revenue sources. He stated that the 2011 projections show the rest of the undesignated balance being used (\$581,000), and that makes up the \$1.6 million. He continued to state that in regards to the increase in appropriations, \$1.1 million is in the benefits area; the rest of the budget shows modest growth.

President Higgins asked if the undesignated fund balance as of June 30th.

Mr. Prignano replied \$1.3 million.

President Higgins questioned if they had used any of those funds since June 30th.

Mr. Prignano replied that it is projected that they will use \$720,000 by June 30th, leaving a balance of \$581,000, which he believes will probably have to be used during 2011.

Dr. Morelle explained that they were passing out an updated finance report regarding the fund balance which was sent to the School Department Finance Sub-Committee.

President Higgins asked if the \$720,000 is in the 2010 budget as a revenue source.

Councilor Lemois asked if that amount was included in the packet the Council received in June.

Mr. Prignano explained that the number was \$520,000 at that time; another \$200,000 was added based on the town's inability to give more funds. He stated that once the budget was reconciled, the amount was included in the budget sent to the Town Council.

President Higgins asked what the increased appropriation amount

was.

Mr. Prignano explained that amount was \$1.8 million, which reflects the new contract that will be in place next year. He added that the teachers went with no wage increase this year; next year they will get a 2.25 percent raise for top-step teachers; other teachers get a 1.5 percent increase. He pointed out that it also reflects some built-in increases in fringe benefits which for this presentation, he blended it to a 2 percent rate.

President Higgins asked what that 2 percent increase would represent in dollars.

Mr. Prignano replied that it would be approximately \$600,000.

Dr. Morelle offered to send President Higgins the financial analysis of the contract as that would have the exact dollar amount.

Councilor Lemois stated that he was under the impression that there was not going to be any raises both this year and next.

Mr. Prignano explained that there were no raises in 2010; in 2011, the payroll will go up because of steps.

Councilor Lemois then repeated that salaries are going to go up because of steps.

Mr. Prignano replied yes.

Councilor Lemois stated that then there are raises because salaries will go up because of steps.

He then asked if other salaries attached to those steps that will also be getting raises.

Mr. Prignano explained that the percentage raises would affect administrators, but the steps would not.

Councilor Lemois asked whether there will be any other employees who will be getting raises in 2011.

Dr. Morelle responded that they have to negotiate a contract with ICSE and the policy of the School Department is that the administrators' raises are based on the top step teacher's salary.

Councilor Lemois stated that then there are raises going out.

President Higgins stated that there are raises being budgeted.

Dr. Morelle then stated that she was not sure they were understanding each other.

Councilor Lemois asked if there were raises going out.

Mr. Kelly explained that there are two types of increases, steps and percentage increases. He added that steps are not affected by percentage increases and teachers have no percentage increase this year but they do have step increases. He continued to explain that teachers at the top step do not have any increase at all and Administrators are tied to the same contract, so if there is no percentage increase, then they do not get a percentage increase. He informed that next year, they will again get steps, and there is also a 2.25 percent increase and Administrators are tied to the top step, which would be a 2.25 percent increase. Mr. Kelly pointed out that this year's budget is tied to step increases, not percentage increases.

President Higgins gave a brief explanation of the step system for teachers.

Mr. Kelly added that the steps are by state law.

President Higgins stated that he was not familiar with that state law.

Mr. Rotella stated that there is a provision under Title 16 which requires this step salary system for teachers.

Councilor Lemois noted that public perception of what constitutes a raise differs. He believed to most people, it is an increase in salary,

regardless of whether it comes from step increases or a percentage increase.

Mr. Kelly responded that he was simply trying to explain the source of the increases.

President Higgins noted that the School Department had negotiated a deferral on the Advanced Lanes, which is another increase built into the contract; teachers get paid additional monies for having advanced degrees such as a Masters, Masters plus 30, and Doctorates; this amount has been flat-lined; they have not been eliminated, but they have not been increased, or they have been deferred.

President Higgins noted that “Non-certified”, which includes custodians and teacher assistants, reflects a 0 percent increase, but that contract must still be negotiated. He asked if they had an increase in this budget.

Dr. Morelle responded yes. She stated that these are assumptions that they use to build this report for the committee tonight and it is for the purpose of determining what the gap might look like so they could discuss what types of revenues might be needed, etc. She informed that they have not entered into negotiations so this is based on assumptions.

President Higgins asked if the health-care cost increases are based

on their experience rate.

Mr. Prignano responded that their experience rate has been running at 9 to 10 percent, so he used 10 percent for this projection which represents the growth in claims. He stated that they have been working to move as many retirees as possible to their Plan 65 coverage, so their claims never come to the district. He directed them to look at their December report, where they will see a projected surplus for this item.

President Higgins questioned the Certified Retirement Contribution.

Mr. Prignano said that it is 11.89 percent for next year.

President Higgins stated that this is just an estimate, and it could possibly go higher.

Mr. Prignano stated that the estimate for the past few years have been accurate and the percentage has gone from around 14 percent down to 11.89 percent.

President Higgins then asked what the inflation factor applied to.

Mr. Prignano replied line items other than the ones he mentioned, such as salary, special education tuition, etc.; it includes materials, supplies, etc.

President Higgins asked how they were not expecting an increase in special education tuition.

Mr. Prignano replied that they were expecting it to go down.

Dr. Morelle explained that the decrease is a result of the various programs instituted within the district so that these costs can be managed.

Mr. Kelly brought up the agreement that the School Department has with Durham Busing. He explained that because of the state-wide busing program recently enacted, it would have cost more to bus some out-of-district students; however, they were able to get the state to agree to charge them only the amount they were paying Durham initially.

President Higgins asked if they have looked at what potential savings laws relieving mandates would have.

Mr. Woerner replied that he would look into it as most mandates affect the School Department.

President Higgins then explained that if mandates were relieved, it would only relieve the town of the mandate; it does not relieve the Town of the issue; it then leaves it to the local authority to determine

whether they are going to continue with that service, such as busing or textbooks to parochial schools.

Dr. Morelle commented on the last assumption, which deals with tuition to charter schools. She explained that they are in a dilemma because they understand that they will be impacted by the growth of Democracy Prep. She understands that the kindergarten children there are going to roll up to Grade 1, and they will be taking a new kindergarten class in as well as opening a new Sixth Grade. She stated that if these plans proceed, the School Department would have to substantially increase the tuition line item. She reported that unfortunately this year they were not able to reduce staffing in a manner proportionate to the students who ended up leaving the district's kindergarten. She mentioned that they are watching that very carefully. She gives the example that if they take the two elementary grades, Kindergarten and First Grade, currently there are 95 ½ full-time equivalent teachers and each class has 23 or 24 students so they are looking carefully to see how to use the resources so that they are not jeopardizing the integrity of instruction for any student in the district, but to possibly adjust if there is an outgrowth of students leaving the district. She also mentioned that there has also been some mobility into the district as people move into the district due to the economy. Dr. Morelle stated that there are certain ideas that may have large costs savings but they may cause some disruption in the community because it causes a change in the way it has been practiced. She informed that they are looking at the

various schools, the size of schools, where grades are located, transportation policies, issues which have come to the forefront in the past, but they have always backed away from them because in fact they were pushed back by the community. Because of the substantial financial burdens this year, they may have to cross over those lines.

President Higgins stated that those issues are similar to issues on the Town side such as street lighting, trash collection, senior services, and library services.

Dr. Morelle reminded Mr. Higgins that they have already closed two schools, the Annex at St. Joan's, which resulted in most of the kindergarten classes being held at Community, and also the lease with Fatima for the pre-school center, which has been incorporated into B.F. Norton. She stated that they are now looking at many big-ticket items to see if they can save money such as if they can close a school, can they find a better deal to negotiate for health care or can they find a transportation provider that will come across with a great contract.

President Higgins questioned Dr. Morelle about her comment with regard to problems reducing staff to correspond with the loss of students to the charter school. He stated that it would seem that if you lose a student, then the cost of educating that student is basically a wash.

Mr. Kelly explained that you do not decrease the resources needed because if those students came from the same school, then perhaps you could reduce the number of teachers there but these students come from all different schools, so the class size may go down by a student or two although the School Department is paying tuition for the 26 students who attend the Mayoral Academy, it does not realize any savings.

President Higgins stated that if there were not districts, then perhaps there would be a savings because a classroom could be closed and the students assigned to other schools. He stated that while he is not advocating such a move, these are the types of things they will be forced to look at.

Councilor Morris asked if there was any mechanism for children to go to a different school within the district if they want to.

Dr. Morrelle explained that there is still a federal mandate for school choice, and they will have it for at least one more year because of the way the progression of school choice occurs. She added that there are two schools in the district which have been labeled as being in need of improvements, and the NECAP scores are being released tomorrow, and they will know tomorrow what kind of progress they have made in that front. She mentioned that those families in those schools do have the right to opt out of attendance at those schools if

they so choose and those students who did move have the right to stay at the school they are at right now through the last grade in that school, which would be fifth grade. She pointed out that this will impact the trends in the district. She stated that in response to Councilor Morris' question, she stated that they do receive such requests, and where they have room they do accommodate them, but they usually do not associate transportation with it, so parents must provide transportation. She added that there is not a full-choice system built, which would take quite a bit of orchestrating, but she feels that there has been so much push-back in the past years when they tried to move district boundaries, she feels that the community was not ready for that kind of conversation.

Councilor Lemois asked about moving children around the district. He used this example that if there are 26 kindergarten children at the Mayoral Academy, which is pretty much a classroom then if there were no rules, the children could be moved to different schools and a classroom would be eliminated. He also asked why they could not look at something like that now in light of today's financial situation, they may need to look at managing the students, taking into consideration that transportation costs might offset this.

Dr. Morelle responded that she agreed with Councilor Lemois that they need to be open to all kinds of ideas but she knows there is recent case law that requires that any decision or recommendation that she makes and any school committee would support must be

tied to the educational mission of the School Department. She states that their function is to support learning, and she cannot go forward with something she cannot create an educational rationale for.

Councilor Lemois stated that it is because it is a cost-saving factor, even though it makes sense, and they learn as well in one school as another.

President Higgins stated that he thought case law supported that if it improves their learning then it is acceptable under the law.

Jim McLaughlin interjected with his thoughts on how to save money. He suggested using the garage at the Monastery by town mechanics and body men to take care of the police, fire, and rescue vehicles.

Councilor Lemois noted the issue of the purchase of textbooks in next year's budget.

Mr. Prignano explained that they had \$1 million put aside for textbook and capital purchases.

Dr. Morrelle addressed the textbook issue by explaining that they have had that money accumulating for a specific purpose and they hope to spend it this spring so that they will have the materials in place for September. She stated that they have reviewed the gaps in their literacy program, and have had professional development and

have identified materials needed, so the next stage is to purchase literacy materials.

Councilor Lemois questioned that Dr. Morrelle used the word “accumulating” but the amount has been the same since 2007 and the 2009-10 budget stated that they would be using \$77,000, but it still appears there.

Mr. Prignano explained that as of June 30th it still was in the fund, but they have taken it out in the 2010 budget. He mentioned that additionally, they will be using \$50,000 for seed money for library books for the elementary schools, which the Town will match.

President Higgins asked about the tractor trailer item which appears under Capital Improvements.

Dr. Morelle explained that this has been deferred several times and currently, it takes two men with two pieces of equipment to do the sidewalks side by side, where this would allow one person do it.

Mr. Prignano explained that Sudexco does snow removal of most of the parking lots for the schools; the custodians still do the sidewalks.

President Higgins asked about the 5 percent reduction in revenue.

Mr. Prignano explained that that amount represented the cut in state aid.

President Higgins stated that per the report, level funding from the Town would result in a \$3 million gap.

Mr. Woerner asked to address the stimulus money. He explained that there are two parts to it where some of the money just flows into the School Department's General Fund, which they can use any way they want. He stated that some of the money goes into a separate fund, and he has gotten any real answers as to what that can be used for. He mentioned that he was told it was for special education purposes. He asked when this money would dry up. He also wanted to know when the effect of not paying into the teachers' pension system was going to hit.

Mr. Prignano explained that the School Department lost \$2 million in revenue last year. He stated that the State used \$823,000 of stimulus money and \$1.2 million in pension savings to offset that loss. He added that the School Department received \$666,000 in stimulus money this year, and the budget projects \$545,450 for the upcoming year. He continued to state that this money can be spent any way, with approval. He reported that they are using it for transportation costs and additionally, the restricted funds came in three different formats: pre-school money, special education, and also for Title 1; the funds for these areas must be used in specific ways. For example, they are

using some of the Title 1 money for after-school programs at Ashton and B. F. Norton.

Dr. Morelle said that they were advised by the Department of Education to try to spend the money on non-recurring costs because of the “funding cliff”; if the funds were used for recurring expenses, such as staff, there would be a huge whole when the funding was stopped.

Councilor Lemois questioned the Sustained Revenue item. It currently shows local appropriation under capital and also under other. These items are carried over to the next year. He questioned the \$211,000 amount; he understood that \$100,000 was for the elevator; he asked what the balance was for.

Mr. Prignano explained that that was originally for master leases.

President Higgins interjected that this amount could change by the end of the fiscal year.

Councilor Lemois also had a question about the Rhode Island Collaborative. He stated that the School Department had entered into an agreement with them as a way to solve the problem of that showing up as a credit every year. He asked where that amount showed up.

Dr. Morelle explained that the School Department took a credit for tuition once, and a lump sum once, but those monies were gone almost immediately.

Mr. Prignano explained that they took a credit from the Rhode Island Collaborative for four or five students for almost all of last year, and that basically used up all of that money.

President Higgins stated that in other words they did not pay any tuition to the Rhode Island Collaborative.

Dr. Morelle recalled that the amount of the credit was approximately \$400,000, but that she would get the exact figure to Councilor Lemois.

2. Discussion on information and financial reporting and meeting Charter provision in Section 1406 item E.

President Higgins explained that Councilor Lemois requested this item, but that it deals with the timeline of the Town Council receiving reports that the School Department has committed to giving them. He added that the commitment was to give the Town Council a monthly summary and a quarterly detail. She mentioned that it is important for them to keep on top of where the School Department stands financially so that there are no surprises.

Mr. Prignano stated that he felt he had keep up with those reports. He

explained that he does not do reports for July and August because there is so little activity. He also stated that the Council must remember that he first must send his reports to the School Committee, and then must meet with them.

Dr. Morelle asked that anything requested from the School Department be requested through her directly so that if they are getting something, she is aware of it. She stressed that the reports need to be sent out of her office so that she can send them to the Town Clerk, so she can disseminate them appropriately. She concluded that if the requests are not made directly to her, she loses the ability to manage it.

President Higgins stated that this commitment has already been made, so there should be no need to make a request and if there is an issue with the receipt of them, it is his position that he communicate that to the Chairman, and he communicates that to Dr. Morelle.

Chairman Costa stated that their Finance Committee does not meet until the second or fourth Thursday of the month, and they need to review the reports prior to sending them to the Council.

Councilor Lemois stated that in the past 13 months, they have received only 5 reports on a monthly basis. He stated that they do not expect December's report to be ready in December, January in January, etc., and that is not what the School Department committed

to. However, they should be providing them once a month on a consistent basis, with the understanding that it is after they have met with their Finance Committee to review them.

Mr. Prignano stated that was not correct; he sends a report each month, except for July and August.

President Higgins stated that there has been a discrepancy as to where they have been sent. He pointed out that the discrepancy is whether the reports have been sent to the Finance Department or the former Finance Director and whether they were sent to the Town Clerk.

Mr. Prignano and Mr. Woerner stated that they would work it out as to where it should be sent.

Mr. Kelly stated that the reports have obviously been done because their Finance Committee reviews them each month.

Councilor Lemois stated that he felt it important to ask for information. He has been to the Finance Director, and has asked the Town Clerk for them also, and neither of them has them. According to 1406 Item E, he should just be able to go to the Finance Department, and according to the Charter, the Director should have a running account on the whole budget. He has been asking for this information for three years, and is always told it has been sent, but no

one has it. Councilor Lemois was looking for the reports at last week's meeting; no one told him they would be receiving them tonight.

President Higgins stated that he addressed Councilor Lemois' concerns with the Chairman, and he asked him to speak to the Superintendent, which he did.

Councilor Lemois asked if that was why they received them.

Dr. Morelle responded that they were sent out yesterday via e-mail.

Councilor Lemois asked Mr. Prignano if it was possible for him to attend the next meeting so that he could answer the many questions he had regarding the December report, to which Mr. Prignano replied yes.

Mr. Prignano suggested that Councilor Lemois e-mail him his questions so that he could have a response for him at the meeting.

ADJOURNMENT

MOTION BY COUNCILOR ACKERMAN, SECONDED BY COUNCILOR MORRIS AND IT IS UNANIMOUSLY VOTED TO ADJOURN AT 9:07P.M.

Ryan Pearson, Clerk

Cumberland School Committee